

AIDS Brief

for sectoral planners
and managers

Construction Sector



The HIV/AIDS epidemic is a global crisis that demands urgent attention and committed sustained action by alliances of individuals, organisations and sectors. The *AIDS Brief* series has been developed to support the conceptualisation and implementation of key sectoral responses. The construction sector is one of the top five employers in any economy. Its capacity impacts on a country's ability to meet development needs and its ability to offer entry level jobs and skills training in the formal economy. The fact that HIV/AIDS will reverse development gains and is likely to affect the nature of capital investment by the state will impact directly on the construction sector.

BACKGROUND

Definition of the Construction Sector

Construction covers the preparation of sites and the construction of buildings and civil engineering structures, including heavy infrastructure and essential services.

Facts about the Construction Sector

The construction sector spans a wide range of activities, from the building of a single domestic unit to the construction of a highway, dam or harbour silo. Site preparation includes the demolition of buildings or structures, and excavating, levelling or test drilling for new structures. Building covers the erection of family housing and residential buildings, as well as office blocks, shopping complexes, schools, hospitals and industrial buildings. Civil engineering works include steel, mechanical and electrical construction needed in the development of transport infrastructure, water storage, reticulation and sewage systems, power lines, fuel tanks, mine headgears and bins, bunkers or silos.

Construction is a labour-intensive sector, and one of the top five employers in any economy. The sector generates \$2,2 of spend into the economy for every \$1 spent in construction. It utilises a salaried core of skilled graduates and technical staff, and a team of unskilled, mostly temporary, workers. As such the sector offers entry-level jobs in the formal economy. The ratio of skilled to unskilled workers varies across the world; the



ratio of labour to capital equipment fluctuates according to the relative cost. As construction worldwide is characterised by volatile market conditions, this ratio can change often and swiftly. The costs of sharp economic fluctuations on the sector's capacity - that is, in lost jobs and capital expenditure - are large. In general, construction costs rise when there is a boom and the local sector lacks the capacity to meet demand. The loss of experienced supervisory, managerial and professional staff can be the most significant

long-term constraint to sustainable growth.

Construction is also characterised by relatively short-term work on various sites. This demands a nomadic, often isolated, lifestyle for the skilled staff of contractors who must supervise construction works at various sites. Unskilled or semi-skilled labourers are often employed on site; the training and productivity of this part of the workforce varies. This labour may also migrate in search of employment, both within countries and across borders.

Economic and population growth are the most important indicators of construction patterns. They point both to a country's increasing needs and to its ability to provide for those needs. The construction economy has short cyclical fluctuations from peak to peak, as well as long "waves". The key existing theory about long-term construction investment in the First World is that of the Kondratief cycle. This postulates that investment in construction works follow long upward trends of between 15 and 25 years, and shorter downward trends of between 8 and 15 years. In Europe and the Americas, these trends have matched the movement from sea to rail to road to air transport.

Comparative studies of developing economies show that construction works represent a steadily growing share of gross domestic expenditure over time, and as levels of development improve. However development patterns can be disturbed by specific factors.

Studies in South Africa, for example, have identified four key drivers of future construction activity: economic growth,

savings, government economic policies and institutional health – namely the degree to which organisations and state institutions function and are able to implement state policies and spend allocated state expenditure budgets. In addition, state policy in South Africa is to promote the emergence of new contracting and consulting capacity, with the result that many large construction projects are split into numerous small contracts and

awarded to select emerging firms. Work in Latin America has identified unsustainable macro-economic policies and bureaucratic or institutional deficiencies as the main reasons for the failure of developing economies – and difficulties in the construction sector. Construction companies increasingly seek international opportunities when local economies contract.

AIDS AND THE CONSTRUCTION SECTOR

Labour

The epidemic will impact on the availability, quality and needs of labour in the sector. The availability of experienced supervisory, managerial and professional staff is essential if the sector is to retain its capacity and sustain growth. Yet this level of staff is at high risk of contracting HIV because it leads a nomadic "on site" lifestyle, living away from families in temporary accommodation with few recreational facilities, for long stretches of time. Illness and death among this section of the workforce will affect overall capacity, output quality and – because many are full-time employees – employee benefits such as medical scheme costs and full death benefits. Unskilled contract workers, on the other hand, may be drawn from local communities. In some settings they may also be mobile populations, especially when local populations are not willing to engage in this type of work. Their exposure to the virus will vary, depending on local circumstances. As the epidemic progresses the age and health status of unskilled work-seekers will change. The turnover of staff on site may rise rapidly as young adults fall ill. This could mean an increasing number of ill workers in site compounds, relying on fellow workers for care until their visits home. This will affect staff morale, and behaviour on their return to their villages. Illness and death in surrounding communities will also affect workers, who will need time to care for ill relatives or attend funerals.

Increasingly, younger people, whose caregivers have died, or the elderly left with large numbers to care for, will seek employment. The educational status of prospective employees may decline over time as many families may no longer be able to afford school fees, and the local educational system is weakened by the epidemic. This will impact on both the nature of on-site training for limited duration employees, and on sector-wide efforts at upgrading skills levels in the

industry with continuing skills, artisan, supervisory and other training. The epidemic will also raise the question of improving overall conditions and medical benefits for all employees. At least, it should raise the question of access to medical treatment for opportunistic infections to maintain productivity, as well as treatment for sexually transmitted diseases (as the presence of an untreated STD increases the risk of HIV transmission during unprotected sex).

Operations

Employee benefits, productivity and output quality will be first affected as the epidemic advances and morbidity (illness) and mortality (death) of infected individuals, and their families, emerge at different levels in the sector. Although unskilled staff are easily replaced, training of replacement staff will further impact on costs, productivity and quality.

External Interactions or Forces

The construction sector has the capacity to impact on the epidemic both negatively and positively and the epidemic has the potential to impact on the sector.

Construction sites can be risk environments because they remove individuals from their families for relatively long periods. This encourages risk-taking behaviour and casual sex; alcohol abuse and interactions with sex workers are common around isolated construction sites. The construction sector also helps develop major transport and infrastructure routes; transport routes are, in themselves, risk areas for the transmission of HIV because of the constant movement of people.

A positive aspect is the sector's potential to play an important role in a country's inter-sectoral approach to coping with the epidemic. Construction has the ability to provide entry-level jobs in far-flung communities, and this may be crucial to the

survival of families and child-headed households in areas hard hit by the epidemic. On site training programmes can become an important vehicle for AIDS education and for encouraging support of infected and affected individuals. The construction sector's collaboration with communities in co-operative housing or service projects means that a sound mechanism for communication is in place and can be used for messages around prevention and support. In addition such collaboration could ensure that development needs are met, such as sanitation or housing.

In the medium-term the AIDS epidemic could affect the nature and scale of construction operations: as resources become more scarce, public funding could be diverted towards health and welfare, or local development projects, and away from major capital expenditure projects. Overall, the impact of HIV/AIDS on the economy is likely to be a significant, but not a dominant, determinant of growth. Thus the degree to which private sector contracts may decline in the face of declining market demand will depend on a specific sector's vulnerability to the impact.

State attempts to devise policies to manage development and promote previously disadvantaged groups may be undercut by the morbidity and mortality among the cohort of individuals marked for development. Similarly, efforts to create regional operating environments, such as the Southern African Construction Initiative, need to account for common problems in procuring and developing labour. Again new policies to create capacity in construction – for example the policy document on an Enabling Environment for the Construction Industry, produced by South Africa's Department of Public Works – could integrate with the needs of infected and affected individuals to minimise the impact of the epidemic.

International competition may be the key to maintaining construction capacity. Local companies could stay alive by seeking contracts outside their country's borders; similarly, a country with a construction sector

hard hit by the epidemic could still meet development needs by contracting internationally. However companies seeking to operate in areas hard hit by the AIDS pandemic need to take account of the

attendant risks and responsibilities to their permanent workforce, their temporary workers and the communities in which they are operating.

IMPACT CHECKLIST

Internal Risk Profile

- ✓ Which employees in the construction sector are aged between 15 and 45, live in single sex quarters, and migrate to their place of work?
- ✓ Is alcohol abuse or other risk-taking behaviour common in any area of the sector?
- ✓ Are there any employees in the sector crucial to its output and continued survival?
- ✓ Can these employees be easily replaced should they become ill or die?
- ✓ What would be the impact on construction costs should these individuals die and have to be replaced?
- ✓ What is the impact on a site or plant if increasing numbers of workers lie ill in the site accommodation?
- ✓ What would be the impact on output quality?

- ✓ What potential does the sector have to compensate for lost workers?
- ✓ Can training accommodate education around HIV transmission and minimising the impact of the epidemic?
- ✓ How will the sector cope with requests for compassionate leave, sick leave and funeral attendance?
- ✓ How will HIV/AIDS affect the demand for full medical benefits for all employees?
- ✓ How will HIV/AIDS affect employee benefits for those already offered medical aid, pensions, full death benefits, group life insurance, disability and ill health retirement and funeral benefits?
- ✓ Is there an optimal HIV/AIDS/STD and TB workplace prevention and management programme to limit HIV infections and mitigate the impact of the epidemic?

External Risk Profile

- ✓ Does the sector operate in high-risk geographical areas such as adjacent to transport routes?
- ✓ Does the sector interact with specific communities that may have a higher incidence of HIV, for example the rural families of migrant workers?
- ✓ Is the sector dependent on state funding for contracts, which may be diverted to health and welfare needs as the epidemic progresses?
- ✓ Will the sector be affected by changes in market demand, and thus private sector contracts?
- ✓ Will the sector survive the increased cost of sourcing skills and training?
- ✓ Can it absorb the strain of increased absenteeism and lost productivity?

SECTORAL RESPONSE

To respond effectively a sector must recognise the factors that determine individual and group susceptibility to HIV infection, as well as features of the sector that are particularly vulnerable to the impact of the epidemic. It should identify areas of greatest risk and impact, and, where possible, act to reduce these.

The extent to which the epidemic will affect the short, medium and long-term prospects demands that the construction sector urgently prioritises the development of a strategy to prevent further infections and cope with the impact in its field of operation. Management commitment, partnerships with trade unions, clients and the communities in which a company operates are essential to any intervention. Failure



to include any one of these elements could undermine all efforts. An effective response operates on two levels: a strategic plan and an operational

intervention. But it should be committed at all levels to the cornerstones of an effective response. These are: prevention, care and non-discrimination. Operational policies should provide a framework for consistent and recommended practice, but allow for innovation that ensures these are met in the variety of circumstances in which the sector operates. An effective response must also address the realities of life within the sector. It would be helpful to identify existing resources within the state, and communities or NGO movements that can assist the sector; this will minimise capital expenditure on prevention or care strategies, and help limit rising construction costs and potential job losses.

ACTION CHECKLIST

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| <ul style="list-style-type: none"> ✓ Secure management and union support for any intervention. ✓ Assess the sector, company and individual risk. ✓ Assess the cost impact of the risk to individual projects and to medium-term and long-term prospects in the sector. ✓ Assess the cost implications of an effective intervention. ✓ Seek appropriate, best practice interventions. ✓ Set national strategic commitment and policy, endorsed by management and trade unions. ✓ Ensure there is a framework for implementation by a joint committee of trade unions, management and other parties at plant level, and that it becomes a standard part of plant procedures. ✓ Ensure policy encompasses prevention, care and lack of discrimination on all sites. | <ul style="list-style-type: none"> ✓ Secure employee benefits through actuarial reviews, negotiating where necessary for changed benefits or premiums. ✓ Network with existing organisations and skills to supply appropriate interventions, eg government funded NGOs specialising in counselling or industrial theatre, UN-funded Greater Involvement of People living with AIDS (GIPA) individuals providing on site awareness and peer educator groups. ✓ Consider legitimising and supporting family visits to compounds to normalise sexual relationships. ✓ Include HIV/AIDS awareness into the work schedule to alert individuals to the problem, and on-going education programmes to give individuals the tools with which to change their behaviour, and back these up with providing access to condoms, screening | <ul style="list-style-type: none"> and syndromic treatment for STDs and treatment of opportunistic infections. ✓ Maintain focus on the logistical elements of providing condoms and access to STD treatment on all sites. ✓ Ensure education includes aspects of care - both on and off site. This will help de-stigmatise the disease and create support for ill relatives and AIDS orphans in communities and so lessen the burden on state facilities. ✓ Interact with the local communities from which labour is drawn to identify potential problems around construction and HIV, such as casual sex, and to identify mutually acceptable steps to minimise the risk and the impact, such as legitimising family visits. ✓ Interact with clients on new contracts, costing AIDS interventions into the project and negotiating shared resources. |
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SUMMARY

The construction sector has the potential to be significantly impacted upon by the epidemic, and, in turn, to significantly impact upon the manner in which any country deals with an

epidemic. The sector is volatile and highly sensitive to economic conditions. Operating margins are slim and the cost of either the unmitigated impact of the epidemic, or of intervention, will take its

toll. The sector is also mobile, and will seek international opportunities if necessary for survival. Any intervention must be pragmatic, given the cost and time restraints within daily operations.

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